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Australia

Fresh Deciduous Fruit

Annual

2006

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Report Highlights:

Australian apple production in 2006 is forecast to decline to 280 TMT following historically high production in 2005. Pear production in 2006 is forecast at 145 TMT. Establishing market access for U.S. apples to Australia is a high priority for USDA. GOA import policy for U.S. apples will be based on conditions for New Zealand apples. The comment period for the import risk analysis report (IRA) for New Zealand apples closes on March 30, 2006.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Canberra [AS1]
[AS]

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SECTION ONE: SITUATION AND OUTLOOK

Apples are grown commercially in all of Australia's states and territories, except the Northern Territory. According to a recent Australian Bureau of Statistics (ABS) agricultural survey, Victoria is the largest producing state, with about 36 percent of national production, followed by New South Wales (20%), Tasmania (17%), Western Australia (11%), South Australia (9%), and Queensland (7%). Australia's major apple varieties have traditionally been Granny Smith and Red Delicious, which still constitute over 50 percent of national apple production. Gala, Fuji, Cripps Pink (Pink Lady) and Cripps Red (Sundowner) account for about one-third of production, and are growing in importance. Apples grown in temperate regions of Australia are irrigated.

SECTION TWO: STATISTICAL TABLES

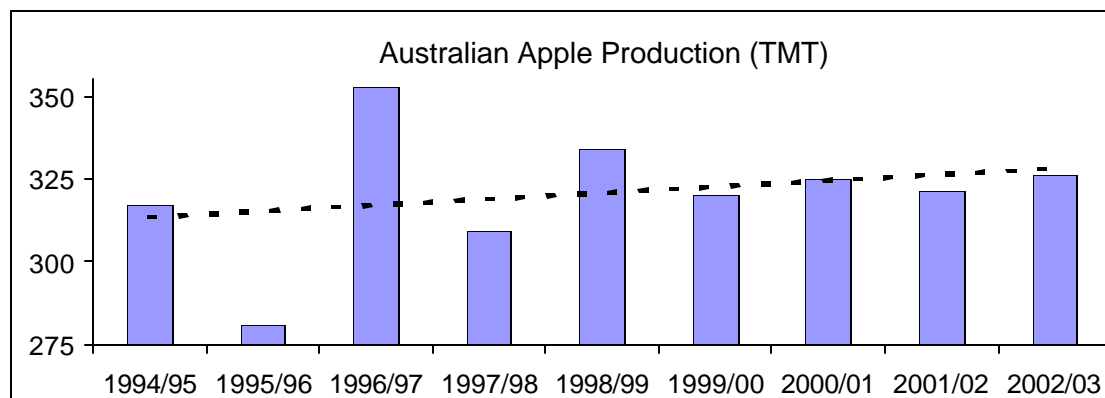
PSD Table Apples, Fresh							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Planted	21000	21000	20000	20500	0	20000	(HA)
Area Harvested	0	0	0	0	0	0	(HA)
Bearing Trees	8731	8834	8420	9383	0	9450	(1000 TREES)
Non-Bearing Trees	1659	1621	1840	1617	0	1600	(1000 TREES)
Total Trees	10390	10455	10260	11000	0	11050	(1000 TREES)
Commercial Production	250000	255000	300000	330200	0	285000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	250000	255000	300000	330200	0	285000	(MT)
TOTAL Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	250000	255000	300000	330200	0	285000	(MT)
Domestic Fresh Consump	110000	110000	120000	150000	0	120000	(MT)
Exports, Fresh Only	15000	10177	30000	13230	0	12000	(MT)
For Processing	125000	134823	150000	166970	0	153000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	250000	255000	300000	330200	0	285000	(MT)

PSD Table Pears, Fresh							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Planted	7050	7050	6875	6875	0	6850	(HA)
Area Harvested	1171	1171	1060	1060	0	1055	(HA)
Bearing Trees	1647	1724	1627	1732	0	1750	(1000 TREES)
Non-Bearing Trees	328	335	298	322	0	320	(1000 TREES)
Total Trees	1975	2059	1925	2054	0	2070	(1000 TREES)
Commercial Production	141000	142000	150000	150000	0	145000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	141000	142000	150000	150000	0	145000	(MT)
TOTAL Imports	4000	4820	3000	2622	0	3000	(MT)
TOTAL SUPPLY	145000	146820	153000	152622	0	148000	(MT)
Domestic Fresh Consump	80000	80000	80000	80000	0	80000	(MT)
Exports, Fresh Only	9000	9546	15000	9403	0	9200	(MT)
For Processing	56000	57274	58000	63219	0	58800	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	145000	146820	153000	152622	0	148000	(MT)

SECTION THREE: NARRATIVE ON SUPPLY AND DEMAND, POLICY & MARKETING**Apples****Production**

Australian apple production is forecast at 280,000 MT in CY 2006. Industry sources suggest that production is likely to fall following the historically high production year of CY 2005. However, improved soil moisture levels and irrigation water supplies is likely to see improved fruit size and quality. Post has assumed average weather conditions for the CY 2006 crop.

Apple production in CY 2005 has been revised to 330,200 MT, an historically high level. Slightly improved rainfall totals in key areas, and exceptionally well-timed rainfall, combined to push production to historically high levels.

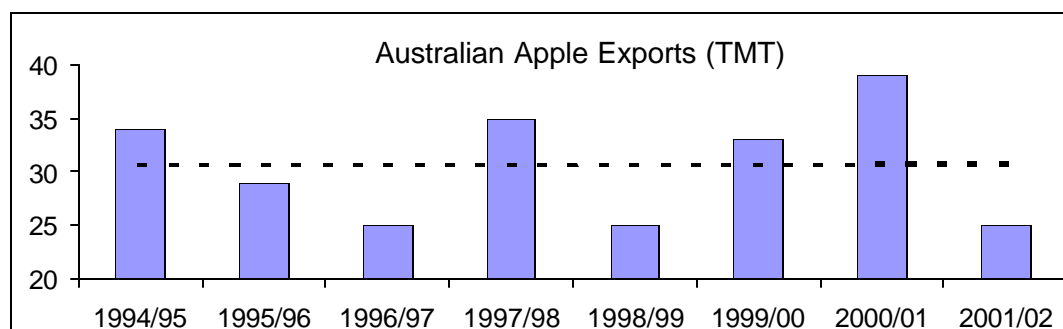


Source: DAFF data.

Trade**Exports**

Australian apple exports in CY 2006 are forecast at 12,000 MT, a decline commensurate with the reduced forecast level of production. Changes in actual production levels would likely lead to changes in exports. Furthermore, significantly improved quality levels, as suggested by industry sources, could potentially lead to a higher supply in apples suitable for export.

Apple exports in CY 2005 are estimated at 13,230, in line with official Australian Bureau of Statistics (ABS) year-to-date data. This estimate remains well below the historical average and reflects extreme drought conditions; below average quality and difficult export conditions. Exports to India, the UK, Sri Lanka and Malaysia account for 62 percent of total exports. India, Australia largest export market for pears, is a relatively new export destination for Australian horticultural products.



Source: DAFF data.

Marketing

Apple and Pear Australia Limited (APAL), a non-profit public company, is the main industry body representing the interests of Australia's 2,000 commercial apple and pear growers. APAL's major concerns are legislation and regulations affecting the industries, marketing, research and development.

With regard to marketing, the majority of Australia's apple and pear exports are marketed under the "AUSTRALIAfresh" brand. "Australiafresh" apple and pear promotional programs have been planned for a number of countries including: India, UK, New Zealand, Malaysia, Singapore, Taiwan, Hong Kong, Canada, and Indonesia.

Programs will provide extensive coverage for apples and pears with three major retailers. Activities include sampling programs, merchandising of point-of-sale material, staff incentive programs, catalogue advertising and consumer competitions.

Horticulture Australia Limited (HAL) is owned by its members, who comprise of 28 horticultural industries (including apples and pears) and is funded through a statutory levy system. Apple and pear growers pay statutory levies of A\$1.53 cents per kilogram and A\$1.64 cents per kilogram, respectively.

Policy

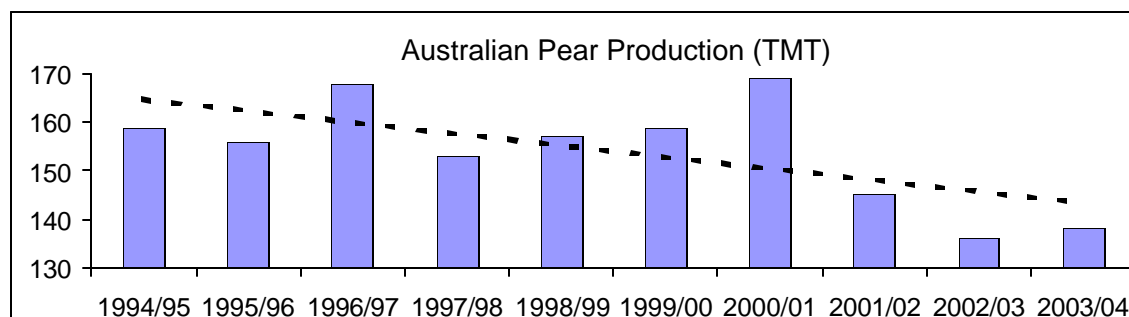
On December 1, 2005 Biosecurity Australia issued a revised draft import risk analysis report (IRA) assessing an application from New Zealand to export apples to Australia. The extended comment period for the draft IRA closes on March 30, 2006. Establishing market access for U.S. apples to Australia is a high priority for USDA. In response to USDA's 2000 request that Australia initiate an IRA for U.S. apples, the Government of Australia has stated that it first intends to issue the final IRA for New Zealand apples, and access for U.S. apples would then be addressed through a modification of the New Zealand import policy. (See Gain Report AS 5044 for further information.)

Pears

Production

Australian pear production in 2006 is forecast at 145 TMT. Industry sources suggest production will likely fall to this level following a relatively larger year in the production cycle. Despite the lower forecast, at this stage the CY 2006 crop is likely see average to above average quality, assuming average weather conditions. Lower yield combined with improve moisture levels is likely to see fruit size and quality increase.

Pear production in CY 2005 is estimated at 150 TMT. Historical data suggests this to be around an average sized crop. Recent drought has seen production fall markedly in recent years. For these reasons the CY 2005 crop is forecast well above the trend line established using historical data.



Source: DAFF data

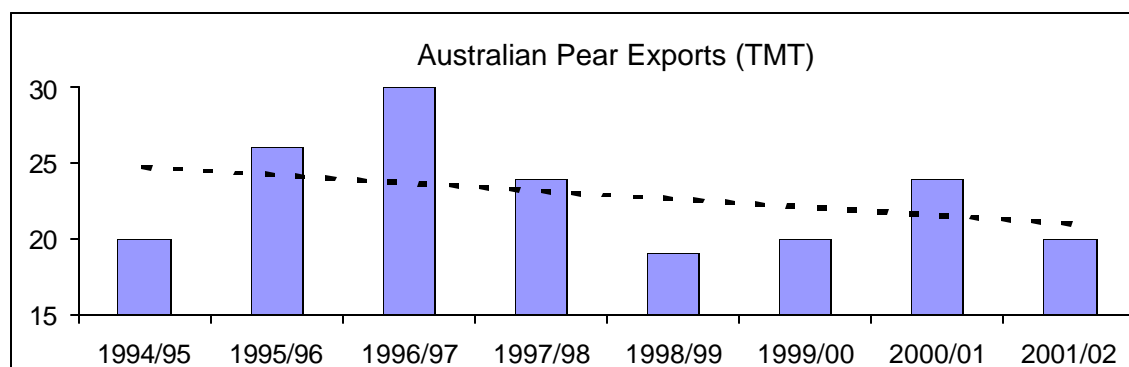
Trade

Exports

Australian pear exports in CY 2006 are forecast to decline to 9.2 TMT, the result of the decrease in production. Average crop quality may also affect changes in fruit volumes available for export. Post advises that crop quality in CY 2006 is likely to vary from average to above average assuming average weather conditions.

Exports of pears for 2005 are estimated at 9.4 TMT, in line with ABS year-to-date data, an historically low level. Pear exports have proved cyclical over the past decade, however drought and poor biological conditions have seen levels of fruit suitable for export fall to well below average.

Canada and New Zealand were Australia's two largest export markets for pears in CY 2004, accounting for around 26 percent of total exports. Indonesia, Singapore, Hong Kong and Malaysia are Australia's next largest markets for pears respectively, accounting for around 43 percent of exports collectively. India, although Australia's seventh largest exports market, increased its demand three fold in CY 2004.



Source: DAFF data

Imports

Pear imports in CY 2006 are forecast at 3 TMT. Slightly lower domestic production, combined with the steady increase of imports in recent times, is likely to see imports increase significantly in CY 2006.

Pear imports for CY 2005 are estimated at 2.6 TMT. This figure is in line with ABS year-to-date data.

Recent Reports from FAS/Canberra

The reports listed below can be downloaded from the FAS website at:

<http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>.

Report Number	Title of Report	Date
5001	Fresh Deciduous Fruit Annual	01/04/05
5044	Australia Issues Draft IRA Report for Apples from New Zealand	12/02/05